

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2809 – HB 3259

February 17, 2010

SUMMARY OF BILL: Subordinates liens for unpaid property taxes to any perfected purchase-money security interests created pursuant to Article 9 of the Uniform Commercial Code.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$500,000

Assumptions:

- Under current law a lien for unpaid property taxes has statutory priority over other liens on a taxpayer's property. In some cases, subordinating the property tax lien will result in no assets being available to satisfy the property tax obligation after the purchase-money security interest has been satisfied. This will result in a reduction in local revenue estimated to exceed \$500,000 state-wide.
- Subordination of the property tax lien will diminish local governments' revenue base and may reduce the credit rating of some local governments, resulting in higher borrowing costs for those governments. This impact is indirect and cannot reasonably be quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

/jww